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ABSTRACT

From a comparative economic viewpoint, does regular employment secured through temporary subsidized Special Work training afford the publicly supported individual any marginal advantage over his welfare status? A study of 279 Aid to Needy Families with Children (ANFC) recipients was conducted to address this question. The median annual dollar value of tax-free welfare payments in Vermont was $4,075. When added with Medicaid and food stamp bonuses, this is equivalent to $4,465 taxable income for the family unit here. Given the median $2.26 hourly wage realized by program enrollees, male ANFC clients experienced an economic disincentive to work. Females improved their welfare status modestly when allowed certain income disregards. Real income rose sharply for the study group only during Special Work training. When a graduated welfare support schedule was combined with a subsidized wage program, per capita income rose to $6,793. Otherwise, there was no real financial incentive to leave the welfare status. (Also included is an appendix of financial disincentives interviews.) (Author)

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FINANCIAL DISINCENTIVES

FOR

WELFARE CLIENTS TO ENTER

PUBLIC SERVICE EMPLOYMENT:

THE VERMONT EXPERIENCE

Vermont Department of Employment Security

Madelyn Davidson, Commissioner

The Experimental and Demonstration Manpower Pilot Project on the Special Work Project for the Unemployed and Upgrading for the Working Poor

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FINANCIAL DISINCENTIVES FOR WELFARE CLIENTS TO ENTER PUBLIC SERVICE EMPLOYMENT: THE VERMONT EXPERIENCE

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PREFACE

In mid-1970, as a consequence of welfare reform legislation then pending in the United States Congress, the Vermont Department of Employment Security was chosen to test and document experimentation in the manpower training aspects of the proposed legislation. The overall objective of the resulting Experimental and Demonstration (E&D) Manpower Pilot Project was to explore the feasibility and value of alternative approaches and procedures for conducting the Special Work Project (Public Service Employment) for the unemployed and Upgrading training for the working poor, as a means of helping to develop guidelines and other knowledge required to facilitate and make more effective national implementation and rapid expansion of manpower projects aimed at enhancing the employability of heads (and other members) of low-income families.

The project thus had two major components within the overall project:

- "Special Work Project" whereby unemployed persons, by performing work (at public and private nonprofit agencies in the public interest) can develop job skills which enable them to obtain nonsubsidized (private or public) employment,

- "Upgrading training" whereby low-income employed persons ("working poor") can develop new job skills for which they receive increased salary.

More specifically the project:

- developed various designs for operating the two manpower programs,

- tested operating practices to identify smooth running procedures,

- tested the feasibility and relative effectiveness of alternative operating procedures,

-identified problems and issues central to the establishment and running of these programs,

-prepared technical materials and other aids for use in the programs,

-monitored and evaluated outcomes of activities,

-determined requirements for administration, facilities, staff and financing of the programs,

-established guides for determining how these programs might fit into the overall mixture of manpower programs and services at the local level,

-developed the necessary guidelines and manuals for effectively replicating the programs elsewhere,

-researched and documented the effect of the program on E&D manpower clients and,

-produced monographs on salient aspects of project experience, relevant to planning activities at the national level for implementation of welfare reform and/or public service employment programs.

The project was initiated on July 1, 1970, and terminated on October 31, 1973. Operation of the project was divided into the following segments:

July 1, 1970, through October 31, 1970: Planning, initiation, and startup,

November 1, 1970, through June 30, 1971: Operations limited to Chittenden and Lamoille counties,

July 1, 1971, through June 30, 1972: Statewide operations,

July 1, 1972, through June 30, 1973: Statewide operations,

July 1, 1973, through October 31, 1973: Evaluation, writing, printing and publishing.

FINAL TRAINEE SUMMARY		SPECIAL WORK	
As of July 2, 1973	Number	Number Number	Percentage of Total Enrollees
Total Special Work Enrollments		656	100%
Completed Training		430	65.6%
-Completed, Placed in Employment	307		46.8%
-Completed, Placed in Work Training	26		4.0%
Total Placements		333	50.8%
-Completed, Placed in Education or Skill Training	6		0.9%
-Completed, Awaiting Placement	91		13.9%
Terminated Training		226	34.4%
-Good Cause	99		15.1%
-Without Good Cause	127		19.3%

FINAL TRAINEE SUMMARY	UPGRADING		
As of July 2, 1973	Number	Number	Percentage of Total Enrollees
Total Upgrading Enrollments		144	100%
-Completed Training		118	81.9%
Upgraded	114		79.2%
Not Upgraded	4		2.8%
-Terminated Training		26	18.0%
Good Cause	17		11.8%
Without Good Cause	9		6.2%

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SECTION I

THE REAL FINANCIAL DISINCENTIVES TO WORK

This study of financial disincentives is based upon information gathered in the Special Work Project (SWP)[1] of the Vermont Experimental and Demonstration (E&D) Manpower Pilot Project. Its focus is upon Aid to Needy Families with Children (ANFC) clients included in SWP and how their socioeconomic characteristics, welfare, SWP training and post-training experiences interrelate and compare. Essentially, the question to which an answer is sought is whether, from a strictly economic point of view, nonsubsidized, regular employment after SWP training offers any significant advantage over welfare status.

The approach to measuring the values and dimensions of this question involved a number of variables. One, of course, concerns the amount and quality of data available relating to the ANFC-SWP clients themselves. To be sure, demographic information relating to sex, age, number of children, and education was relatively complete and relatively accurate. Information about prior work experiences of clients, SWP job training classifications, pay rates and duration of training, post-training experiences, and other factors tended to be less complete, and sometimes, less reliable, than the demographic data. In addition,

[1] "Special Work Projects" whereby unemployed persons, by performing work (at public and private nonprofit agencies) in the public interest, can develop job skills which enable them to obtain nonsubsidized (private or public) employment.

assumptions had to be established to deal with certain elements because these were continuous or ongoing, such as training and/or post-training experiences, or because information in the necessary form was not available.

In connection with the latter, a major effort had to be expended on constructing estimates of the value of Medicaid and food stamps in an attempt to determine the "value" of the "welfare package." No information is presently compiled about how much Medicaid assistance is utilized by individual or family ANFC recipients. As a result, estimates had to be prepared which were based upon gross numbers of people and gross dollars paid for Medicaid services. Similarly, some limited samplings had to be made in order to derive some estimates of food stamp values actually received by ANFC recipients. General Assistance (GA) data, while probably not overly significant, were nonetheless unavailable.

In its simplest form, the determination whether the "economic value" of an SWP training slot is greater or less (and by how much) than welfare status represents a comparison between the product of hourly earnings times hours and weeks of work, on the one hand, and welfare amounts plus Medicaid and food stamp values on the other. Unfortunately, each of these calculations is subject to numbers of assumptions and interpretations of data which are often incomplete or very generalized. It is therefore best to start with the characteristics of the people involved and then begin to introduce information relevant to their welfare, SWP, and post-training experiences. In this fashion, the data and assumptions can be woven together to form the ultimate structure and possible measures of financial incentives and disincentives.

One other element needs to be introduced before the data are introduced. That refers to the SWP program itself, which has been ongoing since 1970. In order to have a proper count, a stopping point had to be selected. For this section, July 27, 1972, was the date used, although certain later dates were used for analyses in a subsequent section of this study. In July, there were, and had been, a total of 509 people involved in SWP training, of whom 279 were ANFC recipients. While more trainees and participants have since been involved in the program, the number in the program as of July 27 is still an extremely large percent, and therefore highly reliable.

As might be expected, women among ANFC-SWP clients outnumbered men by 176 to 103, or by 63% to 37%. The characteristics of these people, arranged by sex, indicate that the median age for women was 29.7, while that for men was 31.7. For all the people under study the median age was 30.4, indicating that the client group was largely in the prime working age category. Furthermore, the largest single group in each sex category was between 26 and 35 years old. In other respects, the differences between women and men varied. The most striking difference for any characteristic related to marital status: 91% of the men were married,

the other nine percent were single, widowed, divorced, or separated. Among women, some 81% were single, widowed, divorced, or separated, and the minority were married. In terms of education, median years of school among men was 9.6, among women, 10.5 -- a difference which might be expected, given historical precedents and trends of similar patterns among the general population. But perhaps the most striking similarity was that the number of children per capita among male ANFC clients was 2.7, and among women, 2.6 (See TABLE 1).

The welfare experiences of men and women ANFC recipients varied greatly. At the time of enrollment in SWP, more than half of the men had been on such welfare status less than three months, while the median length of time on welfare among the women was twelve months. It is interesting to note that some seven percent of the men had been on welfare status for over two years prior to SWP, while over 30% of the women had been on welfare that long. Indeed, almost nine percent of the women had had such a status for at least five years. Men tended to receive generally higher welfare amounts, the median being $293. On the other hand, the median amount for women was $245 per month (See TABLE 2).

Another element of some interest is the fact that these individuals were originally asked to indicate how many years of "gainful employment" they had had prior to SWP, and of these years, in how many they had worked for six months or less. While the accuracy and reliability of such responses are surely open to question, the responses are extremely interesting. About 68% of the men had six years or more of work experience; almost 83% reported that, of these years, there were five years or less during which they experienced work duration of six months or less. On the other hand, about 70% of the women reported work experience of five years or less, and some 95% worked six months or less during fewer than six years. While such information could not carry job and Dictionary of Occupational Titles (DOT) code specifications, it did indicate that work experience of relatively sizable duration was common among male ANFC recipients, and that extensive work experience was not commonplace among women (See TABLE 3).

The placement of people in SWP training slots and their subsequent experiences created clear opportunities for many individuals, but also created data problems for researchers. For example, the ANFC clients began to enter the program in December 1970 and continued to enter up through June 1972. Furthermore, experiences varied, since some did not complete their training, some were retained by their original SWP employers, some obtained other jobs, and some went through two and three training programs. The staggered sequence of entries and exits, as well as reentries, does not permit any "summing-up" of the ANFC-SWP program. To be sure, the data and experiences generated by this E&D program do provide meaningful sources for assessing program results and implications, and for the preparation of

TABLE I

ANFC-SWP Participants, July 27, 1972,
By
Age, Marital Status, Education, and Number of Children

	Men (103)	Women (176)	Total (279)
AGE			
1916 and earlier	2.9	0.6	1.4
1917-1926	4.9	4.5	4.7
1927-1936	28.2	21.0	23.7
1937-1946	38.8	40.3	39.8
1947-1956	25.2	33.0	30.1
1957		0.6	0.4
Median	31.7	29.7	30.4
MARITAL STATUS			
Single	3.9	13.6	10.0
Married	91.3	18.2	45.2
Widowed, Divorced, Separated	4.9	67.6	44.4
N.A.		0.6	0.4
EDUCATION			
6 years or less	3.9	2.3	2.9
7-8	33.0	10.2	18.6
9-12	51.5	76.7	67.4
13 and over	10.7	10.8	10.8
N.A.	1.0		0.4
Median	9.6	10.5	10.3
NUMBER OF CHILDREN			
0	5.8		2.2
1	25.2	35.8	31.9
2	16.5	19.9	18.6
3	8.7	17.0	14.0
4	13.6	13.6	13.6
More than 4	27.2	13.6	18.6
N.A.	2.9		1.1
Per Capita	2.7	2.6	2.6

TABLE 2
ANFC-SWP Participants, July 27, 1972:
Time on Welfare and Monthly Welfare Amounts

	Men (103)	Women (176)	Total (279)
TIME ON WELFARE			
Less than 3 months	52.4	11.9	26.9
3-6 months	15.5	17.0	16.5
7-12 months	10.7	21.6	17.6
13-14 months	11.7	17.6	15.4
25-59	5.8	22.7	16.5
60 and over	1.0	8.5	5.7
N.A.	2.9	0.6	1.4
MONTHLY AMT REC'D ON WELFARE			
Less than $100	3.9	8.5	6.8
$100-199	13.6	22.7	19.4
200-299	35.0	40.3	38.4
300-349	14.6	13.6	14.0
350-399	16.5	9.1	11.8
400 and over	15.5	5.1	9.0
N.A.	1.0	0.6	0.7
Median	$293.05	$245.40	$261.14

TABLE 3
ANFC-SWP Participants, July 27, 1972:
Years of Gainful Employment,
Including Years Worked Six Months or Less

	Men (103)	Women (176)	Total (279)
YEARS OF GAINFUL EMPLOYMENT			
1 or less	6.8	27.3	19.7
2 to 5	23.3	42.6	35.5
6 to 9	18.4	19.3	19.0
10 or more	49.5	9.7	24.4
N. A.	1.9	1.1	1.4
YEARS IN WHICH CLIENT WORKED 6 MONTHS OR LESS			
1 or less	42.7	67.6	58.4
2 to 5	39.8	27.8	32.3
6 to 9	3.9	1.1	2.2
10 or more	5.8	0.6	2.5
N.A.	7.8	2.8	4.7

estimates of actual and potential "monetary values" of public employment, SWP training, and welfare support.

There were a number of ways in which the data were organized and analyzed. One was to group the information by sex and marital status; another was to "annualize" relevant information; a third involved was to break down the participant groups by sex and marital status and by numbers of children in the family units; and a fourth utilized monthly dollar amounts and values. By utilizing different data arrangements, the influences of such arrangements on ultimate comparisons of "values," "incomes," and other financial factors could be demonstrated.

The first grouping involved that of dealing with men and women ANFC recipients in the program and developing annualized values of welfare support and other economic factors. The second involved arrangements by number of children and sex of head of the family, using monthly dollar amounts.

Let us turn first to the welfare experience of the ANFC-SWP group. Here, as in other parts of this study, many assumptions and estimates had to be constructed in order to put the data and information on a common denominator basis. We know, for example, that the State's social welfare program experiences some turnover in any given year -- that some people will continue to remain welfare clients, as they had been in the previous year or years; that some will move into or out of welfare status. Nevertheless, given the information provided for this study, welfare amounts were calculated and projected on both monthly and annual bases, and this process was repeated for other relevant elements.

As can be seen in TABLE 2, over 90% of men and women received more than $100 per month of welfare assistance, and the medians were $293 and $245 for each group. Collectively, the median was $261. On an annual basis, then, the value of ANFC payments for men would be $3517; for women, $2945; and for the group as a whole, $3134.

To obtain some value estimates of a "social welfare package," it would be necessary to add to the above the values for General Assistance, food stamp bonuses, and Medicaid, among others. At the beginning, it was felt that other social, health, and rehabilitation services might be included in the "package," but discussions with Social Welfare research personnel led to the conclusion that virtually all such services provided by the State were freely available, or virtually so, to citizens of the State and represented no significant money value contribution to ANFC recipients as distinct from other individuals or groups. As for General Assistance support, while it is true that a very small percentage of ANFC recipients do receive such aid, and the aid itself is probably not exceedingly large, it is also true that such data are not available for the kind of

calculation and analysis required here.

As a result, the other elements in the "package" are restricted to food stamp bonus and Medicaid value estimates. Food stamp data are maintained in the official files, but could not be summed or distributed among 279 welfare clients in this study to obtain any average or per capita value. The effort to construct such information represents an enormous undertaking, but through the good offices of the Vermont Family Assistance Program Planning agency and the Department of Social Welfare, (DSW), a sampling of two months' experience was taken. Using January and August 1972 as the sample months, food stamp information on a sample of 179 "active" welfare recipients was compiled. It was found that of these recipients, 103 utilized food stamps, and the monthly bonus values ranged from $3 to $37. The median monthly bonus came to $14.65. However, in order to arrive at an average value for all ANFC recipients, this figure had to be diluted by a kind of "utilization rate." That rate was 57.5%; as a result, a per capita recipient value of $8.42 per month was derived, yielding an annual amount of $101.04. This figure was used as the food stamp bonus value for each ANFC recipient in subsequent calculations.

The construction of estimated values of Medicaid support was a bit more complicated. Individualized Medicaid data are not maintained in DSW; indeed, it is the fiscal intermediary which retains most of this information. Fortunately, the Department did develop information which could serve as the basis for constructing estimates of value for ANFC recipients. In fiscal 1972, the count of unduplicated Medicaid recipients was 41,692. Of these, 27,273 were "welfare" clients, of whom 19,500 were in the ANFC category; 12,500 were children and 7500 were adults. The 27,273 "welfare" clients received a total Medicaid support of some $8,000,000.

These data have to serve as the framework for estimating values. As a result, a simple calculation yielded a per capita value of $293.33 per year. The next step was to determine how many individuals were in the ANFC-SWP group, and that was calculated by using the average number of children per capita for men and women, combined with marital status information. Thus, since the average per capita number of children for men was 2.7, the number of people in a married man's group would be counted as 4.7 (husband, wife, and children). For single, widowed, divorced, or separated men, the number used was 3.7. An identical framework was used for women: the per capita number of children among women was 2.6.

Among the 103 men in the ANFC-SWP category, 95 were married and eight were single, widowed, divorced, or separated. Among the 176 women, 32 were married, and 144 single, widowed, separated, or divorced. Applying the factors of 4.7 and 3.7 to men and 4.6 and 3.6 to women, according to marital status, it was determined that men accounted for 477 people, and women, 665.

By applying the annual per capita value of Medicaid to these numbers, the total amounts of dollars for Medicaid for men came to $139,918.41; for women, $195,064.45. These numbers were then converted into estimated Medicaid support per ANFC-SWP client. That calculation, in turn, yielded a figure of $1358.43 annually for the 103 men, and $1108.32 annually for the 176 women.

Those figures would be wholly applicable if the unduplicated count of welfare recipients of Medicaid support determined by Social Welfare represented 100% of those on welfare. However, there is some turnover among welfare recipients during any given year, so that an unduplicated count of individuals does not assure us that all of those "on welfare" did receive Medicaid support. For example, during the fiscal year in question, the monthly average of welfare clients was 18,761. If each welfare client remained on welfare status exactly six months during that fiscal year, then the average number of welfare recipients would remain at 18,761, but the number of individuals (the unduplicated count) on welfare status during that year would number 37,522. In the case of Fiscal Year 1972, the average monthly count of those on welfare status was 18,761; the number of individual welfare recipients who received Medicaid support was 27,273.

The final step in this process, then, required the application of an estimate of utilization of Medicaid by such welfare recipients as are under consideration in this study. The ultimate goal of the Medicaid value calculation, of course, is to arrive at an average per recipient amount. A simple example of the need for a utilization rate might suffice:

If 100 people received Medicaid support, and the dollar amount of that support were $1000, each recipient would thereby have obtained ten dollars worth of support, on the average. If, however, there actually were 200 people on welfare status, then it could be said that the value of Medicaid was five dollars for all welfare clients, on the average, since the utilization rate was actually 50%.

We do not know who in the ANFC-SWP group received Medicaid help, nor how much. Therefore, some utilization rate must be applied to the calculations arrived at above relating to the men and women in the ANFC-SWP sample. It is agreed by Social Welfare specialists that the great majority of welfare clients utilize Medicaid services. It was therefore assumed that the rate to be used was 70%. That is, the assumption was made that 70% of the ANFC clients did utilize Medicaid services. Since the average annual per recipient amount was previously calculated as $1358.43 for men and $1108.32 for women, the 70% rate would therefore yield $950.90 for men and $775.82 for women. Combined, the average annual amount of Medicaid value at a 70% rate comes to $840.46 (See TABLE 4).

It should be pointed out that the utilization rate estimated

TABLE 4

Estimated Medicaid Values for ANFC-SWP Participants Based Upon Fiscal 1972 Data

1972 Data: 27,273 "Welfare Recipients" (19,500 "ANFC Recipients): $8,000,000
Per Capita Value $293.33 Per Year

MEN (103)

95 Married	= 447 people	=	$131,118.51
8 Single, Wid., Div., Sep.	= 30 people	=	$ 8,799.90
Total	477 people	=	$139,918.41
	103 men	=	$ 1,358.43 per person
70% Utilization Rate		=	$ 950.90 per person

WOMEN (176)

32 Married	= 147 people	=	$ 43,119.51
144 Single, Wid., Div., Sep.	= 518 people	=	$151,944.94
Total	665 people	=	$195,064.45
	176 women	=	$ 1,108.32 per person
70% Utilization Rate		=	775.82 per person

TOTAL (279)

	1142 people	=	$334,982.86
	279 participants	=	1,200.66 per person
70% Utilization Rate		=	$ 840.46 per person

could be high or low in comparison to actuality. Unfortunately, we do not know what "actuality" is. The point to be made, however, is that for every ten percent variation, the amount of Medicaid value, per year, for men would change by about $136, for women by about $111, and for the group as a whole by $120. Nevertheless, it is believed that the employment of a 70% rate is reasonable and adequately related to the available data.

Using the three values arrived at, it is now possible to describe the estimated "welfare package" values. Using the median monthly welfare amount as representative of welfare support, the 70% utilization rate value of Medicaid, and the annual food stamp bonus values described earlier, the items and totals appear as follows:

TABLE 5

Estimated "Welfare Package" Values

	Men	Women	Total
Annual Welfare Amount	$3516.60	$2944.80	$3133.68
Medicaid	950.90	775.83	840.46
Food Stamp Bonuses	101.04	101.04	101.04
Total Annual Value	$4568.54	$3821.67	$4075.18

Those values represent a kind of average per capita amount for ANFC clients in the Special Work Project, and it therefore follows that variations in individual cases could be significant -- especially where the number of children are above the average. Conversely, the total value would be smaller where the numbers of people in the welfare or family "unit" were smaller than average.

Nevertheless, the data compiled above do represent average monetary values of items which are clearly "welfare" factors. While General Assistance support is not deemed to be significantly large in terms of dollar support, it would, nonetheless, provide small increments to those amounts arrived at above. For comparison purposes, we shall utilize those calculated amounts for this study.

Further utilization of estimated "welfare package" values can be provided in terms of translating them into another figure for comparative purposes. That relates to the amounts of wage income which would have to be earned in order to arrive at the same amounts of welfare values. This cannot be accomplished simply by assuming that an individual would work 40 hours per week for 52 weeks, and dividing those total hours into the welfare values to arrive at an hourly rate of pay. If an individual is employed and is earning income, he is subject to federal

and state income taxes and to Old Age, Survivors, Disability, and Health Insurance taxes. He may be subject to payment of dues to a labor organization, and also may contribute to hospitalization and surgical insurance and other fringe benefit plans. It is difficult, if not impossible, to assume a complete set of deductions and payments without knowing the employer for whom people would work, and what the fringe benefit programs might be. However, there is no question that it is the net income of a wage earner which must be estimated in order to arrive at some value which is relatively equivalent to welfare support payments, since these latter are not subject to income tax assessment, social security taxes, and so forth.

With those elements in mind, it was decided that even though any attempt to arrive at a net income-pay amount would be subject to some variations, only the standard, uniform deductions would be used. These are federal personal income taxes, Vermont personal income tax, and the FICA tax. Even though the FICA tax will rise, the 1972 rate was used for these estimates. As a result, the attempt was made to calculate how much gross income (hourly rate x 40 hours per week x 52 weeks per year) would have to be earned by men to obtain the welfare support amount of $4568.54 per year, and for women, $3821.67, as well as for the combined amount of $4075.18. In the case of taxes, it was assumed that the "typical" ANFC-SWP man was married and had five exemptions (man, wife, 2.7 children) and the "typical" ANFC woman was in the non-married category, head of household, and had four exemptions (mother, 2.6 children). Overall, the factor used was a non-married head of household with four exemptions (individual with 2.6 children).

With that framework established, it was found that men would have to earn $4945.44 per year in order to obtain the welfare value equivalent. Women's earnings would have to be $4127.72 per year, and the combined amount on the order of $4465.76 per year. These amounts were determined as follows:

TABLE 6

Value of Welfare (Monthly Amount, Medicaid, and Food Stamp Bonus Converted to Equivalent Annual Earnings

	Men (5 exemptions)	Women (4 exemptions)	Total (4 exemptions)
Welfare Value	$4568.54	$3821.67	$4075.18
Federal Income Tax	93.00	71.00	123.00
Vermont Income Tax	26.74	20.41	35.36
FICA Tax	257.16	214.64	232.22
Total Annual Earnings	$4945.44	$4127.72	$4465.76

Now that some value of welfare support has been estimated, the SWP experience can be considered in terms of the pay and the work experience of the ANFC participants. Obviously, those training slots into which such participants were placed carried

a standard pay rate and a given number of hours of work a week. Just as obvious is the fact that not all of the jobs and the participants were perfectly matched, and therefore some people were retained, and some people left for varieties of reasons. Nevertheless, for purposes of establishing a financial framework in which to estimate and compare dollar values, SWP training slots were assumed to be "jobs" in the usual sense. While they were not really so, the point is that the earnings obtained in these slots had to be calculated for the purpose of making meaningful comparisons among the financial values of pre-SWP welfare status, SWP training, and any post-training employment which might be obtained. The first step involved analyzing the hourly wage rates assigned to those jobs. The actual distributions of wage rates was:

TABLE 7

Hourly Wage Rate Distributions of SWP Jobs (ANFC Recipients)

	Men (103)	Women (176)	Total (279)
Less than $2.00	6.9%	16.0%	12.6%
$2.00 - 2.49	56.9	77.7	70.0
$2.50 - 2.99	28.4	5.7	14.1
$3.00 and over	7.8	0.6	3.2
Median	$ 2.37	$ 2.21	$ 2.26

Unfortunately, not all of those placed in SWP job slots were employed on a 40 hour basis. Among men, only four of 103 worked on a schedule of less than 40 hours (30, 35, and 38.5 hours). On the other hand, about 30% of the women had work weeks of less than 40 hours, ranging from 30 to 37.5 hours a week. The hourly pay rate is not affected by the number of hours, but variations in the number of hours per week can strongly affect the weekly and annual totals. Therefore, the application of the median hourly rate to the "actual" hours of all jobs would yield actual potential full-year earnings.

The median hourly wage rates for men, women, and the total group of $2.37, $2.21, and $2.26 were weighted by potential average work hours of 2067, 1991, and 2019, respectively. These gross potential earnings were then reduced by federal and State income tax amounts (for 5, 4, and 4 exemptions) and FICA taxes. The net amounts indicate that on average these earnings for men would fall slightly below previous welfare values, and for women and for the group as a whole, such earnings would be higher than prior welfare values. (See TABLE 8).

It is not clear or definite that all the jobs for which training and employment were provided were, indeed, year-round jobs. One obvious example would be that of Teacher Aide, for

which a number of participants were trained. It is most probable that such jobs may have a duration of perhaps ten months, rather than a year, and that potential maximum earnings may be further limited if school holidays and vacations are not paid for. Such limitations may apply to many -- even most -- of the public sector positions for such hourly rated employees.

TABLE 8

Potential Gross and Net Annual SWP Earnings and Welfare Values

	Men	Women	Total
Gross Earnings	$4897.89	$4399.93	$4562.64
Net Earnings	$4532.47	$3972.08	$4147.70
Welfare Values	$4568.54	$3821.67	$4075.18

The very likely possibility is that the overall "average" duration of work would be less than the hours projected earlier, hence actual earnings might likely be lower than projected. There are also other considerations. On the one hand, it is true that there might be opportunities for greater earnings through overtime work, but this is not a very dramatic possibility. But it is much more likely that the net employment earnings amounts would be significantly affected by those factors which were excluded from the calculations presented here (fringe benefit employee contributions, labor organization dues, transportation expenses) than would welfare support amounts be altered by certain excluded elements (mainly General Assistance). Therefore, there is fairly high probability that net employment earnings would prove to be lower than estimated here (or, conversely, that gross employment earnings amounts would have to be higher than proposed in order to provide take-home pay equivalent to welfare values).

One example of a possible impact upon net earnings of public service jobs is provided by the State of Vermont's health insurance program, which is a voluntary program. There is no need here to analyze its coverage -- only its cost. If those working as State employees were to elect coverage, the premium for those with two or more dependents under 65 years old would be $15.67 biweekly, or $407.42 per year. Based upon the probable maximum hours of men's SWP jobs (2067 per year), this cost amounts to 19.7¢ per hour! For women (1991 hours per year), it would be 20.5¢ per hour, and the over-all average (2019 hours per year) would be 20.2¢. Since it is a voluntary program, these data cannot be applied, because there is no way to estimate a utilization rate. Furthermore, many Public Service Employment (PSE) jobs are in local governmental units, and there is hardly any uniformity there. The concept of including health care support on the employment side to balance the Medicaid component under welfare

clearly indicates that either the gross employment income would have to be meaningfully higher, or that the net income amount would be meaningfully lower. In either instance, the likely maximum earnings provided by the PSE jobs would be well below amounts equivalent to the dollar values of welfare support.

The examination of comparisons between welfare values and possible earnings of ANFC-SWP participants lumped together in large groups by sex, suggests that even if estimates of "net earnings" are very generous, men have financial disincentives relative to PSE jobs, and women have some slight positive incentives. Realistically, the introduction of other, common and reasonable, deductions from gross earnings would, without question, bring possible net earnings below the value of welfare support for both groups, and for the group as a whole, on the average.

The foregoing deals with comparisons between welfare and jobs as represented by SWP training slots. There is another element here which is also important, and that is the fact that welfare support retained an important role in the training program. That is, the majority of participants continued to receive direct monthly welfare support payments, and retained their eligibility for Medicaid and food stamps. In terms of monthly support payments, about four percent of the men, more than eight percent of the women, and almost seven percent of the total group of 279 received less than $100 a month in direct dollar welfare support prior to entry into SWP. As also indicated, median monthly welfare amounts were $293.05, $245.40, and $261.14, respectively. While each individual was in the training process, about 20% of the men received no monthly welfare amount and 13% received between $1 and $99. Comparable data for women were 12% and 18%; and for all, 15% and 16%. The median amounts of monthly welfare support while in SWP training were: men, $143.64; women, $141.30; total, $142.01 (See TABLE 9).

The combination of net earnings and welfare values yielded the following average amounts for men, women, and the total group while in SWP training:

Men:	$7308.09
Women:	$6544.55
Total:	$6793.32

The experiences of the ANFC-SWP clients after training was completed or terminated are a major element which must be considered. Attempts were made throughout the project period, and even subsequently, to assess such experiences statistically. At various dates there were striking differences among the percentages of those employed, unemployed, or with other status. It was decided finally that a large sample of ANFC-SWP participants would be utilized as of February 22, 1973. Information was compiled and organized by the Department of Employment Security

about such clients 30 days after training was completed or terminated, 90 days after, and 180 days after. Basic information was supplied by the participants themselves. At 30 days, information was reported by 71 men (of the original basic group of 103) and 149 women (of an original group of 176). At 90 days, there were 66 men and 133 women; and at 180 days, 55 men and 105 women. Those known about during the post-training period therefore went from 79% of the total group at 30 days to 71% at 90 days to 57% at 180 days. These included 69% of the men and 85% of the women at the first point, 64% and 76% at the second, and 53% and 60% at the third.

TABLE 9

Monthly Welfare Amount Received While in SWP Training

	Men (103)	Women (176)	Total (279)
0	20.4	11.9	15.1
$1-99	12.6	17.6	15.8
100-199	27.2	36.9	33.3
200-299	18.4	16.5	17.2
300-399	10.7	7.4	8.6
400 and over	1.0		0.4
N.A.	9.7	9.7	9.7
Median (W/O N.A. in the count)	$143.64	$141.30	$142.01

TABLE 10 illustrates the results of these updatings. It indicates that the proportion of those employed and unemployed or not in the labor force tended to remain in narrow ranges over the entire period. Among men, the percentages of those employed ranged from 42% to 49%; among women, from 42% to 43%; and for the entire group, from 43% to 45%. Overall, the largest group was unemployed or not in the labor force.

There may be some question about the specific accuracy of the data and certain classifications, as well as the status of the respondents who tended to answer vis-à-vis those who did not respond. What is most important, however, is that whatever might be the result of an absolute and complete count, a significant percentage of this ANFC-SWP group had obtained and retained employment even six months after training.

The data on which TABLE 10 is based also reveal that during these follow-through periods, welfare support was continued for many, whether they were employed or unemployed or not in the labor force. (See TABLE 11). For example, 30% of the employed men were receiving such support at the 30 day point, 31% at 90 days, and 16% at 180 days. On the other hand, comparable figures for women were 58%, 58%, and 66%. For the total group, the percentages of those reported as employed remained between 48% and 49%.

TABLE 10

Employment and Other Status of ANFC-SWP Group 30, 90, and 180 Days after Training (February 22, 1973)

	30 Days		90 Days		180 Days	
	No.	%	No.	%	No.	%
Men						
Total	71		66		55	
Employed	30	42.3	32	48.5	25	45.5
Unemployed, Not in Labor Force	39	54.9	31	47.0	27	49.1
In Training	2	2.8	3	4.5	3	5.5
Women						
Total	149		133		105	
Employed	64	43.0	57	42.9	44	41.9
Unemployed, Not in Labor Force	77	51.7	64	48.1	51	48.6
In Training	8	5.4	12	9.0	10	9.5
Total						
Total	220		199		160	
Employed	94	42.7	89	44.7	69	43.1
Unemployed, Not in Labor Force	116	52.7	95	47.7	78	48.8
In Training	10	4.5	15	7.5	13	8.1

A significant part of the explanation of these significant differences between men and women lies in the fact that, under social welfare law, women on ANFC status have their earnings calculations reduced by the first $30 plus one-third of the remainder in determining whether they are eligible for welfare support both during training and in any subsequent employment. For men, this financial "disregard" is applied during training, but removed when and if employment is obtained. As a result, it would be expected that the percentage of employed women who receive welfare support would be significantly higher than men in the same ANFC status.

Finally, the vast majority of those who were unemployed or not in the labor force at the follow-through dates received welfare support. Overall, more than three-quarters of the entire sample group continued to receive such support, whatever their labor force status.

It is true that a relatively small minority of those who entered SWP training obtained and retained employment without any concurrent welfare support. Whatever the numbers and proportions,

even these represent important, socially desirable achievements for the program.

TABLE 11

Numbers and Percentages of Those Receiving Welfare Support 30, 90, and 180 Days after Training, by Labor Force Status (February 22, 1973)

	30 Days		90 Days		180 Days	
	No.	%	No.	%	No.	%
Men						
Employed	9/30	30.0	10/32	31.3	4/25	16.0
Unemployed, Not In Labor Force	35/39	89.7	28/31	90.3	21/27	77.8
Women						
Employed	37/64	57.8	33/57	57.9	29/44	65.9
Unemployed, Not In Labor Force	59/77	76.6	47/64	73.4	39/51	76.5
Total						
Employed	46/94	48.9	43/89	48.3	33/69	47.8
Unemployed, Not In Labor Force	94/116	81.0	75/95	78.9	60/78	76.9

Nevertheless, a central issue of this study concerns financial advantages or disadvantages of employment relative to welfare status. We first use SWP training slot earnings as a model for earnings which could be obtained in "regular" jobs. The particular advantage of this approach is that all ANFC-SWP participants had some measurable earnings in the program, hence we have a universal sample for making certain financial comparisons. These net earnings, even though these were calculated on a 52 week work basis and included a generous calculation of the "net," do not appear to constitute particular incentives for Public Service Employment for men and women. When those who dropped out of such training, for any cause, are deducted, the "average" of such earnings among all participants becomes much lower. Even when the earnings of those who became subsequently employed following SWP training are calculated -- and these will be detailed on succeeding pages -- the lack of financial incentives is further underlined. And if an average-per-capita calculation is made by dividing total earnings from all employment by total ANFC-SWP participants, the dollar result

of this measurement is lowered even further.

From a financial point of view, then, as reflected by grouping all men and all women in just two groups, the incentive to obtain nonsubsidized employment after training is hardly strong. There appears to be greater incentive to enter SWP-type training since such training clearly increases average incomes, expressed as wages plus welfare support. It is questionable whether the jobs obtained after SWP training provide any financial advantages for the "average" ANFC client. There may be important social, psychological, or other nonfinancial incentives for entering Public Service Employment, but financial advantages cannot be demonstrated.

The financial value of SWP training, even though it is temporary, subsidized work-experience training, is superior to welfare status alone.

Utilizing large groups of ANFC-SWP clients to determine "average" experience before, during, and after SWP training provides a broad picture of general financial disincentives which exist for welfare clients. Another set of useful comparisons among pre-SWP welfare values, SWP training and welfare support, and post-SWP training experiences can be provided by analyzing experiences of individuals arranged by sex and family size.

It was possible, for this part of the study. to compile data for a later date than some previous parts permitted. Information was provided by Department of Employment Security personnel about ANFC-SWP trainees at 30, 90, and 180 days after the termination of training as of February 22, 1973. These data were intended to reveal the numbers of those receiving welfare support during training; how many were employed, unemployed, not in the labor force, or in other training at those subsequent benchmark dates; and how many of those in each of the categories continued to receive welfare support.

It is important to note that the number of single and widowed, divorced, or separated men was so small as to make any meaningful statistical breakout by family size meaningless. Furthermore, the classification, "In Training Program" refers to those in non-SWP training: WIN-OJT or MDTA-OJT, Public Service Careers, Operation Mainstream, and STEP. None of the data compiled in this manner included those who were in two, three, or more SWP training cycles.

It should also be recognized that the computer printouts were not constantly verified; if past experience held true, some errors were present. Furthermore, the 30, 90, and 180 day follow-through depended upon client response, hence the kind of sample and the accuracy of the responses were subject to some variations. Nevertheless, the size of the actual response suggests that the information obtained is clearly representative of the experiences of the total group of ANFC-SWP clients.

TABLE 12 specifies the results of these data compilations. Information relating to 89 of the 94 married men in the program; 117 of the 117 widowed, divorced, or separated women; 28 of the 32 married women; and 22 of the 24 single women was available for the period during which they were in SWP training. Close to 80% of all these trainees received welfare support while in training.

As might be expected, the number of people responding to post-training follow-through requests declined over time. After 30 days, there was a total of 220 responses; at 90 days, the number was 199; and at 180 days, 160. At each stage, between 43% and 45% of all the responses were employed, and between 48% and 53% were either unemployed or not in the labor force. The shifting of the ratios of the employed and the others seems to indicate that those who were employed were probably more likely to respond to follow-through inquiries than those who were not. Even so, the fact that such a sizable proportion of trainees were placed, and retained jobs, is significant.

Welfare support continued to be an important factor during each of the follow-through periods. For those who reported on their status 30 days after training ended, 49% of the employed still had welfare support (17% of the single women, 30% of the men, 46% of the married women, and 67% of widowed, divorced, or separated women). Among those who were unemployed or not in the labor force, 81% continued to receive welfare support, ranging from 64% of the single women to 90% of the men.

At 90 days, about 48% of those employed retained such support (none of the single women, 31% of the men, 54% of the married women, and 63% of those women who were widowed, divorced, or separated). Among those who were unemployed or not in the labor force, the percentages were very similar to the 30 day distribution.

There were some shifts in percentages of the employed receiving welfare support at 180 days (16% of the men, none of the single women, 76% of the widowed, divorced, or separated women, 38% of the married women), but the overall percentage remained about 48%. Some 77% of the other group continued to receive welfare support, ranging from 69% of the single women to 82% of the married women.

For the total group of those who reported at each stage, the percentages of the combined employed/unemployed/not-in-the labor-force numbers continuing to receive welfare support declined only slightly. At 30 days, 64% of those known about were in this category; at 90 days, it was 60%; and at 180 days, 58%.

When the financial values are calculated relating to welfare support prior to SWP training, SWP training support (wages plus welfare), and post-SWP training experiences, and these compared, an interesting picture emerges. These data are detailed in

TABLE 12

Numbers of Men and Women, by Marital Status and Size of Family, During SWP Training and 30, 90, and 180 Days after Training

	SWP Training		30 Days					
	Total Number	Received Monthly Welfare Payment	Total Known	Employed	Employed Rec'd Welfare	Unemployed, Not in Labor Force	Unemployed Not in Lbr. Force, Recd Welfare	In Trng Progrm
Men-Married:								
1 child	25	15	20	6	1	14	12	0
2 children	14	7	12	6	1	5	5	1
3 children	10	10	6	1	0	5	5	0
4 children	13	11	12	7	2	4	3	1
Over 4	27	26	21	10	5	11	10	0
Women-Widowed, Divorced, Separated:								
1 child	33	26	28	10	6	16	11	2
2 children	24	21	23	8	5	13	10	2
3 children	20	18	18	11	9	5	5	2
4 children	20	16	17	7	5	10	9	0
Over 4	20	16	16	9	5	6	6	1
Women-Married:								
1 child	11	5	10	2	0	8	6	0
2 children	6	5	6	4	3	2	2	0
3 children	4	3	4	3	1	1	0	0
4 children	3	3	2	1	0	1	1	0
Over 4	4	4	4	3	2	1	0	0
Women-Single:								
1 child	17	13	17	4	0	13	9	0
2 children	3	3	3	2	1	0	0	1
3 children	2	2	1	0	0	1	N/A	0

TABLE 12 (CONT'D)

Numbers of Men and Women, by Marital Status and Size of Family, During SWP Training and 30, 90, and 180 Days after Training

	90 Days					
	Total Known	Employed	Employed Rec'd Welfare	Unemployed, Not in Labor Force	Unemployed, Not in Lbr. Force, Rec'd Welfare	In Trng. Program
Men-Married:						
1 child	18	8	2	10	8	0
2 children	11	5	0	5	5	1
3 children	6	2	2	3	3	1
4 children	12	7	2	4	3	1
Over 4	19	10	4	9	9	0
Women-Widowed, Divorced, Separated:						
1 child	27	12	6	12	10	3
2 children	19	7	5	9	5	3
3 children	15	6	4	7	6	2
4 children	16	6	4	9	8	1
Over 4	16	10	7	5	5	1
Women-Married:						
1 child	7	2	1	5	3	0
2 children	5	4	3	1	1	0
3 children	3	3	1	0	0	0
4 children	2	1	0	1	1	0
Over 4	4	3	2	1	1	0
Women-Single:						
1 child	15	2	0	13	9	0
2 children	3	1	0	0	0	2
3 children	1	0	0	1	N/A	0

TABLE 12 (CONT'D)

Numbers of Men and Women, by Marital Status and Size of Family, During SWP Training and 30, 90, and 180 Days after Training

	180 Days					
	Total Known	Employed	Employed Rec'd Welfare	Unemployed, Not in Labor Force	Unemployed, Not in Lbr. Force, Rec'd Welfare	In Trng Program
Men-Married:						
1 child	16	7	1	9	7	0
2 children	6	3	0	2	1	1
3 children	6	1	0	4	3	1
4 children	10	6	2	3	2	1
Over 4	17	8	1	9	8	0
Women-Widowed, Divorced, Separated:						
1 child	17	9	7	7	5	1
2 children	15	6	5	6	3	3
3 children	11	5	4	4	3	2
4 children	13	7	4	5	5	1
Over 4	12	7	6	5	5	0
Women-Married:						
1 child	7	2	1	5	3	0
2 children	3	2	2	1	1	0
3 children	3	2	0	1	1	0
4 children	2	1	0	1	1	0
Over 4	4	1	0	3	3	0
Women-Single:						
1 child	14	2	0	11	8	1
2 children	3	0	0	1	1	2
3 children	1	0	0	1	N/A	0

TABLE 13. Welfare support was again calculated using the amount of direct monthly payments plus the values of Medicaid and food stamps; "net earnings" were calculated by deducting from gross earnings the personal income and F.I.C.A. taxes. It bears repeating that if it were possible to include health insurance premiums and related common deductions, the calculated net earnings could be significantly lower.

The results of these calculations as applied to men and women by marital status and family size clearly indicate that training demands special attention, since the crux of the question regarding "financial disincentives" turns very largely on such a comparison. TABLE 13 illustrates the fact that if any dollar advantage of employment over welfare support exists, it does so for those with one child--and for widowed, divorced, or separated women with two children. In all other cases, (except single women with two children at 90 days), net earnings from employment were lower than pre-SWP support at one, three, and six months after training ended.

One element which has not been mentioned is the fact that day care support is provided for the children, largely under six years of age, of women in training programs. From October through December 1972, day care support for 495 ANFC families averaged $73.01 per month. Since such day care support would be available for ANFC mothers in training programs, it is then possible to add the $73 to the values of SWP training earnings and other welfare support. The interesting fact is that however much that average monthly day care figure might be altered by applying utilization rates or possible changes in the kinds and costs of the day care which is provided, the total dollar value of SWP training would be increased, thus causing the differences between training earnings and support and the values of any post-training earnings and/or welfare support to increase even further.

It also follows, therefore, that if these women find employment subsequently, their net incomes from their jobs would logically have to be reduced in order to include child care costs worth at least as much as the costs provided for them during training. This situation imposes a further financial disincentive in the transition from SWP training to regular employment.

If it were possible, then, to construct a "true" net earnings picture for ANFC-SWP participants by including factors such as fringe benefit premium contributions, travel costs, and related items, there is little doubt that both SWP training net earnings and subsequent earnings from regular employment for each family size among both men and women would be lower than the value of welfare support alone prior to entry into SWP jobs.

There do not appear to be any financial incentives for ANFC clients to enter public sector employment. The closest which any groups come to experiencing a financial incentive are those clients who have one child, regardless of the clients' marital status.

TABLE 13

Comparisons of Pre-SWP Welfare Status
With SWP Training and Post-Training Net Earnings and Welfare

	Pre-SWP Welfare	SWP Net Earnings	SWP Net Earnings + Welfare	30 Day Net Earnings	30 Day Net Earnings + Welfare	30 Day Welfare Only
Men-Married:						
1 child	$327.38	$367.51	$638.09	$333.54	$360.89	$378.49
2 children	388.94	355.07	474.61	380.25	425.82	386.64
3 children	499.00	392.23	759.13	428.26	428.26	509.70
4 children	513.23	372.09	666.91	420.69	537.59	469.82
Over 4	655.31	391.26	871.39	398.90	745.50	651.80
Weighted Average	482.97	376.20	700.96	390.04	551.92	484.31
Women-WDS:						
1 child	$238.05	$310.19	$430.39	$311.35	$427.28	$274.90
2 children	301.91	316.48	533.32	320.74	480.97	324.38
3 children	384.09	345.98	620.42	289.40	511.55	389.64
4 children	471.50	330.60	643.19	269.86	538.36	481.18
Over 4	522.24	323.96	699.18	367.05	639.40	539.18
Weighted Average	364.59	323.44	566.31	311.60	514.41	384.91
Women-Married:						
1 child	$298.03	$318.31	$400.20	$238.23	$238.23	$226.74
2 children	425.27	310.39	568.25	312.07	528.65	379.94
3 children	406.05	326.99	575.46	325.90	424.66	------
4 children	519.49	287.56	700.72	377.93	377.93	557.16
Over 4	632.31	328.64	960.95	328.09	629.82	------
Weighted Average	412.20	316.03	573.55	312.66	471.72	297.49
Women-Single:						
1 child	$269.24	$289.21	$490.73	$303.48	$303.48	$278.38
2 children	304.58	321.61	605.52	291.05	448.84	------
3 children	422.88	308.10	719.98	-------	------	------
4 children	------	------	------	------	------	------
Over 4	------	------	------	------	------	------
Weighted Average	288.02	295.34	527.22	299.33	351.93	278.38

TABLE 13 (CONT'D)
Comparisons of Pre-SWP Welfare Status
With SWP Training and Post-Training Net Earnings and Welfare

	90 Day Net Earnings	90 Day Net Earnings + Welfare	90 Day Welfare Only	180 Day Net Earnings	180 Day Net Earnings + Welfare	180 Day Welfare Only
Men-Married:						
1 child	$370.13	$456.61	$362.20	$428.53	$456.46	$365.58
2 children	371.05	371.05	404.24	379.91	379.91	410.04
3 children	458.31	823.11	517.63	462.72	462.72	487.96
4 children	399.25	549.43	449.16	373.24	555.10	740.16
Over 4	407.46	657.89	656.53	444.38	535.05	614.29
Weighted Average	394.58	552.20	490.28	415.93	493.73	515.62
Women-WDS:						
1 child	$321.44	$429.96	$250.32	$320.73	$470.02	$281.32
2 children	309.57	512.98	331.18	330.74	512.22	340.24
3 children	290.95	522.91	398.27	275.86	491.94	356.44
4 children	251.93	521.79	491.55	267.50	531.10	498.50
Over 4	341.78	698.30	562.82	324.53	807.47	489.67
Weighted Average	308.93	532.58	391.03	305.59	560.12	401.78
Women-Married:						
1 child	$319.60	$408.89	$239.91	$328.00	$417.29	$239.91
2 children	332.32	526.40	301.44	344.77	563.21	301.44
3 children	325.90	424.66	------	339.62	339.62	321.30
4 children	377.93	377.93	557.16	377.93	377.93	557.16
Over 4	324.25	625.98	710.02	276.05	276.05	753.78
Weighted Average	330.52	496.40	381.39	334.84	411.77	462.33
Women-Single:						
1 child	$338.84	$338.84	$280.27	$346.07	$346.07	$279.47
2 children	319.19	319.19	------	------	------	325.58
3 children	------	------	------	------	------	------
4 children	------	------	------	------	------	------
Over 4	------	------	------	------	------	------
Weighted Average	332.29	332.29	280.27	346.07	346.07	284.59

Therefore, even granting the not-too-strong probability that such a financial incentive does exist, the vast majority of these welfare clients would not have such a financial incentive.

The real financial incentive which does exist for ANFC clients is that of entering SWP-type (subsidized) training, rather than regular employment. Most welfare benefits are continued during training, and even day care support is added for women. Thus the total amount of dollar support is highest during such training, not before nor after. If welfare clients were motivated like the classical "economic man," they would seek to enter, and to remain in, training programs like SWP.

A special note is in order in connection with the special group of "unemployed fathers." Of 75 men for whom data were available by their family sizes, only four were not classified that way. (One was underemployed, and the others were not in the labor force.) In other words, virtually all "fathers" included here were unemployed. As a result, the data already compiled for married men is representative of the experiences of unemployed fathers. The fact is that since men more typically tend to be married and have more children per capita, their family units are larger, hence their welfare support is greater. As a result, the financial disincentives they experience in being placed in regular employment are greater than the disincentives for women.

No matter how the data are grouped -- whether by overall arrangements for men and women, or by sex of the head of the family and the number of children -- there are clearly financial disincentives for ANFC clients to enter public service employment. Certainly if any equivalence between welfare status conditions and employment conditions is to be assumed (and that revolves especially around health care protection and provision), then there is no question that such public sector jobs represent significant financial disincentives. If any financial incentives do exist, they are connected with incentives for entering training programs, not taking jobs.

The preparation of calculations and estimates of values of all the elements dealt with throughout the study to this point is but one of two essential parts of a larger whole. The other part turns on whether the people involved perceive any financial incentives or disincentives for entering Public Service Employment. In other words, if these individuals believe that there are no financial advantages to be found in employment (or that there are great financial advantages), even though "the data" may show the opposite, they will most likely behave in accordance with their beliefs. As part of the attempt to determine whether, and to what extent, financial disincentives exist, the perceptions of ANFC-SWP participants will be analyzed in this connection in the next section of this study.

SECTION II

PERCEIVED FINANCIAL DISINCENTIVES TO WORK

INTRODUCTION

The purpose of this report is to focus upon financial disincentives to enter Public Service Employment (PSE) or in more general terms the World of Work. The report is divided into two major divisions which deal with real financial disincentives to work and perceived financial disincentives to work. This section of the two part report will deal primarily with perceived financial disincentives and is based upon data collected by the Booz-Allen Public Administration Services[1] personnel during the period April-June, 1972. The data base includes questionnaire responses of 130 clients prior to entry into the Special Work Program and questionnaire responses of 130 matched post-SWP clients. Also, intensive follow-up interviews of a sample of post-SWP clients is included in this report. In addition to the data derived from the simulated longitudinal survey, the Vermont DES provided appropriate demographic and economic market statistics from its data libraries. Consequently, the present report is addressed to many of the issues which have been raised by manpower administrators, economists, and psychologists concerning the predictive variables which determine whether an unemployed individual will remain on some form of welfare or subsidization program or elect to enter into full-time employment. Inasmuch as there are a variety of potential disincentives which would prevent an individual from entering into full-time work, we will first describe briefly some of these alleged disincentives and indicate the category scheme of disincentives we will employ in this document.

According to Schiller (1972)[2], there are a variety of potential disincentives to work which are said to be primarily limited to personal characteristics of an individual on welfare or the recipient of some form of public assistance. These personal or client

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[1]These data were collected for the preparation of "Study of the Vermont Manpower Experimental and Demonstration Project," a report by Booz-Allen Public Administration Services, Inc., Washington, D. C., for the Vermont Department of Employment Security, September, 1973.

[2]Bradley R. Schiller, Assistant Professor of Economics, "Facts and Fictions of Welfare Reform", University of Maryland, 1972.

characteristics are said to include such factors as low motivation to work, lack of vocational skills, inadequate health, etc. The important point made in Schiller's report is that these are undocumented disincentives, and, in fact, the available data seem to indicate that a majority of welfare recipients have high motivation to work. Thus, one of the major categories of disincentives to work includes client characteristics, and the present study reports the way in which clients perceive some of their own personal attributes and their personal compatibility with the requirements for work.

Another potential disincentive to employment includes existing economic market conditions in which the client finds himself. Obviously, if a client exhibits a personal profile which is highly compatible with the generally accepted criteria for work (e.g., high motivation, vocational training, etc.), and the existing economic market place is depressed, then we are faced with a real economic or financial disincentive to work. On the other hand, if our hypothetical client is located in an active and expanding economy but does not perceive the economy in this way, then we can inquire if this perceived financial disincentive serves as a similar obstacle to employment as does a depressed economy. Furthermore, we will attempt to define those client behaviors which occur as a result of an individual who perceives financial disincentives to work, and provide a brief topography of those behaviors. For example, if a client perceives transportation as an obstacle to employment, we will want to know if he or she has inquired about alternative transportation conditions in order to overcome his or her particular problem.

In this section we distinguish between real and perceived disincentives to employment. The former disincentives include such factors as an inadequate job market for the client's skills and training, inadequate financial remuneration, especially compared to the benefits which are derived from public assistance programs, and client characteristics such as actual and documented medical or psychological disabilities which restrict the employment potential of the client. The perceived disincentives toward work include such factors as the clients' attitudes toward full- or part-time employment compared to public assistance programs, the clients' aspirations regarding the consequences of manpower training programs upon subsequent employment opportunities, and the clients' evaluation of their skills and their relation to existing economic market conditions.

It is important to realize that if an unemployed person is not motivated toward work, then the issue of real or perceived disincentives, whether financial or client oriented, becomes unimportant and the identification and remediation of such disincentives becomes secondary to developing sufficient motivational conditions to place the individual into the working population. Therefore, a portion of this report is devoted to determining if the interviewed clients are motivated to work, and if there are any changes in their motivational level as a result of participation in the SWP program. Furthermore, the present report focuses upon identifying those obstacles or barriers to employment

as perceived by the client which fall into the major categories of client characteristics and existing economic market conditions.

This Section is divided into seven main subsections as follows

1. Demographic Data of Pre- and Post-SWP Clients. We include here a brief treatment of age, sex, and status of familial relations

2. Motivation toward Work versus Dependence. This is an important section of the report in that we treat directly the pre- and post-SWP clients' motivation to work, and we have assessed the impact of the SWP experience upon the clients' level of motivation. Also, we report welfare clients' attitudes toward work and dependency regardless of the SWP experience in order to identify the level of motivation toward work

3. Perceived Disincentives. Barriers to Employment. This section includes a treatment of the reasons for unemployment as perceived by the client, his or her own perception of present financial status and the perceived characteristics of a satisfying job.

4. Perceived Disincentives. Knowledge of Market Conditions. We treat here the client's awareness of discrepancies between welfare and employment benefits, the availability of jobs, and the client's preference for work versus welfare dependency.

5. Perceived Disincentives. Attitudes and Expectations Toward Work and Dependency. This section includes data on the client's aspirations and expectations regarding future financial status, his or her attitudes toward work and dependency and how they influence the perception of financial disincentives to work

6. Perceived Disincentives. Generalization of SWP Experiences. This part of the report focuses upon how clients perceived their SWP experiences, and whether or not it will aid them in gaining financially successful and secure jobs. Also, we include information about the client's preference for public versus private employment

7. Summary and Conclusions.

The reader may note that many of the following data tables include percentages that do not add to 100. This results from the fact that we have omitted the percentage of responses associated with the "Don't Know" and "No Response" categories of the Booz-Allen survey instruments because these values were very small and they violated some of the assumptions of the statistical tools we employed to analyze the data

1. Demographic Data of Pre- and Post- SWP Clients

The following demographic data are presented for a total of 260 clients with 130 clients in the pre-SWP program group and 130 clients in the post-SWP program group. Note that all data are expressed as percentages.

TABLE 14

Demographic Makeup of Pre- and Post- SWP Clients

Sex: N = 260

	% Males	% Females
Pre-SWP	39.2	60.7
Post-SWP	50.8	49.2

Marital Status: N = 260

	% Married	% Divorced	% Separated	% Other*
Pre-SWP	65.3	13.8	12.3	8.3
Post-SWP	67.5	12.4	10.9	9.3

*Includes (Single, Widowed, Never Married)

Number of Clients with Children: N = 260

	Children	No Children
Pre-SWP	97.6	2.3
Post-SWP	95.4	4.6

Number of Children Per Client: N = 260

For the pre-SWP program clients, 64% of the clients had anywhere from one to three children, while 68% of the post-SWP clients had a similar number of children. The remainder of clients in each treatment group had four or more children.

In terms of educational experiences, five percent of the pre-program clients had a college education as compared to less than one percent for the post-program clients. This finding reflects the fact that pre-program clients were potential candidates for the whole range of employability services including direct placement, whereas post-program clients were all persons who had been screened into SWP. Inasmuch as college graduates are easier to place in regular employment than the typical person screened into SWP programs, it appears that the educational level differences between the pre- and post-program groups is a result of the screening process and a greater demand for college educated clients.

In the case of the pre-program clients, 68% indicated they were the head of the household while 80% of the post-program clients were the head of the household.

In summary, the above information makes plain that the simulated longitudinal interview technique employed by Booz-Allen

Associates consisted of two groups of fairly well matched subjects along a number of demographic dimensions.

2 Motivation toward Work versus Dependency

The purpose of this section is to identify the financial benefits associated with welfare payments prior to entry into the SWP program and during participation in the program, and to indicate the effects of final discrepancies between these two sources of welfare payments upon the clients' motivation to work. The welfare benefit data and appropriate comparisons are based upon 279 ANFC clients who were in the SWP program at the end of July, 1972. The following facts emerge from the aforementioned data:

1 The majority of the males had been on welfare for less than three months, with a median time for women of 12 months.

2. The median monthly welfare amount for males prior to SWP was $293 and $245 for females with an average value across sexes of $261.

3 The median monthly welfare amount for males in the SWP program was $144 compared to $141 for females with an average of $142.

4 The hourly wage rate from SWP was $2.37 for men and $2.21 for females with an average of $2.26.

In effect, the mean of the median welfare benefits dropped an average of $119 when a client participated in the SWP program. However, with a median hourly wage of $2.26 and assuming that a client worked 160 hours per month, then the total median income for males and females during SWP was $503.61 which arises from $142.01 of welfare payments and $361.60 from wages. Thus, prior to SWP, each client had a median income of $261.14 which changed to $503.61 during the project, of which $361.60 came from wages as a result of SWP employment leaving a net gain of $242.47 while in the program, and a potential net loss of the same amount when they leave the program and do not gain successful employment. We assume that this fiscal discrepancy represents a real financial disincentive, and if it was perceived by the clients, then we would anticipate that motivation to work would be lower in the post-program client group than in the pre-program client group based upon their responses to the relevant survey items. If there were no differences between the levels of motivation as indexed by survey items between the pre- and the post-groups, we suggest that this fiscal discrepancy does not represent a perceived financial disincentive to work. The following items from the Booz-Allen survey, and the results of our follow-up interviews are relevant to the above issue.

"If you were unemployed and were offered a low paying job, would you take it or wait for a better one?"

	Pre-Program Clients	Post-Program Clients
Take	79%	84%
Wait	20%	14%
x^2	1.5	
p	NS	

It is obvious from the above data that there was no difference between the pre- and post-program responses, however for both groups of clients significantly more clients would prefer to take the low paying job rather than wait for a high paying job. (Pre-program, $x^2 = 35.16$, $p < .001$; Post-program, $x^2 = 50$, $p < .001$). In effect, a significant number of clients preferred to work immediately rather than wait for a high paying job and this in a sense is what they did when they entered the SWP program inasmuch as they reduced their welfare benefits when entering the program in order to work. In effect, the clients indicated that they were highly motivated to work even at a low paying job, and this disposition was reflected in their behavior by their participating in the SWP program.

"If you had to choose between an easy job with low pay and a hard job with high pay, which would you choose?"

	Pre-Program Clients	Post-Program Clients
Easy, low	13%	15%
Hard, high	85%	85%
x^2	1.1	
p	NS	

Here again we find no difference between pre- and post-clients; however a significant majority of all clients preferred to work hard and earn a high wage or salary rather than take an easy job with low pay (Pre program $x^2 = 53.82$, $p < .001$. Post-program $x^2 = 49$, $p < .001$). This finding means that a significant portion of the interviewed clients were willing to work hard and receive high pay regardless of their experiences with the SWP program.

"If you had to choose, which would you prefer -- moving out of this part of the state to accept a job or staying here and not working?"

	Pre-Program Clients	Post-Program Clients
Move	68%	78%
Stay	30%	20%
x^2	2.7	
p	NS	

There was no statistical difference between the responses to this item for the pre- and post-program clients; however a significant portion of clients in both groups were willing to move in order to work (Pre-program, $x^2 = 14.73$, $p < .001$; Post-program, $x^2 = 34.32$, $p < .001$). Generally, the clients appeared motivated to work and they did not perceive a change in residence in order to secure a job as a disincentive to work, which is a particularly interesting finding from clients in a rural rather than urban oriented state.

"If you had to choose, which would you prefer -- a poor paying job that you know you wouldn't lose or a job with good pay but a 50-50 chance of losing it?"

	Pre-Program Clients	Post-Program Clients
Poor Pay, wouldn't lose	54%	52%
Good Pay, chance of losing	44%	47%
x^2	0.5	
p	NS	

It is obvious from the responses to this item that there were no significant differences between the pre- and post-client groups as well as between their choice of employment security versus amount of pay (Pre-program, $x = 1.02$, $p > .05$; Post-program, $x = 0.25$, $p > .05$). This finding suggests that job security and amount of pay were critical variables in the choice of job inasmuch as if only pay were the critical variable then we would have expected more clients to elect the "good pay, chance of losing" alternative rather than the other alternative. Consequently, manpower programs and administrators need to bear in mind the relationship between pay and job security in designing remedial training programs.

If you had enough money so that you would not have to hold down a regular job, would you still work?"

	Pre-Program Clients	Post-Program Clients
Yes	85%	84%
No	14%	16%
x^2	1.1	
p	NS	

Once again, we find no difference between the pre- and post-client responses; however a significant portion of all the clients preferred to work even though they may have had enough money not to require a regular job (Pre-program, $x^2=50.9$, $p < .001$; Post-program, $x^2 = 50.9$, $p < .001$). The responses to this survey item suggest that "not working" had aversive properties even though money was not a significant factor in this

hypothetical situation indicating clearly that a significant portion of the clients were willing to work regardless of their interactions with the SWP program.

In summary, then, we find that the clients in both the pre- and post-program groups were highly motivated to work and that they did not necessarily perceive low pay as a financial disincentive to work, they did not perceive changing residence as a disincentive to work, they did not perceive work as aversive providing it is combined with high pay, and they did not perceive working as aversive even if they had enough money so that they didn't have to work regardless of their interactions with the SWP program. On the other hand, it is quite clear that clients considered pay and job security as important dimensions of employment and that in order to achieve maximum employment potential it was indicated that steady work with good pay should be a goal of any economic rehabilitation program.

In order to relate the clients' high motivation to work regardless of their SWP experience, we tried to assess their present economic status as they perceived it. The following item is relevant to this issue:

"Would you say that right now you are?"

	Pre-Program Clients	Post-Program Clients
Pretty badly off	8%	12%
Having trouble getting by	14%	22%
Just managing to get by	67%	59%
Getting by easily	10%	5%
Well-Off	0%	1%
x^2	6.7	
P	NS	

The responses to this item indicate that there was no difference between the pre- and post-clients; however both groups had a significant portion of clients who perceived themselves as just managing to get by or felt they were worse off. Obviously, the high motivation to work expressed and identified in the analyses of the previous survey items resulted in large part from the clients perception of his or her present state of well-being. The fact that high motivational levels have been identified along with a self-evaluation of a depressed economic situation indicates, in part, the validity of the survey items and suggests that work motivation was related to perceived financial status.

Finally, in order to further substantiate the importance of only pay as an important incentive to work, we analyzed the following items.

'If you had a job where you could work two hours of overtime per day at time and a half, would you do it?"

	Pre-Program Clients	Post-Program Clients
Yes	82	86
No	16	14
x^2	2.2	
p	NS	

There was no difference between pre- and post-client responses, however a significant portion of all clients responded positively to this item (Pre-program, $x^2 = 44.4$, $p < .001$; Post-program $x^2 = 51.8$, $p < .001$).

How many days a week would you work overtime?"

	Pre-Program Clients	Post-Program Clients
One day a week	4%	3%
Two days a week	8%	5%
Three days a week	12%	9%
Four days a week	10%	2%
Five days a week	45%	65%
x^2	17.7	
p	$< .01$	

Here we find a significant increase in the number of days clients were willing to work overtime as a result of their experience with the SWP program. This finding indicates an impact of the SWP program on clients, and suggests that if a client had a job he was willing to then think more about working overtime, whereas if he didn't already have a job, then such motives and behavior became secondary to first finding a job.

Thus, the responses to the overtime items indicate clearly that this was a positive feature of employment, and that as a result of the SWP program experiences a significant portion of clients were willing to work more overtime hours than the pre-SWP clients.

3. Perceived Disincentives: Barriers to Employment

Clients were asked questions which related to reasons for working, characteristics of a satisfying job, and characteristics of a job which was low in satisfaction. In this section, comparison of these results with reported reasons for unemployment will be discussed.

When clients were asked what reasons they had for working, the most frequent answer was "to support family" (pre: 39%, post: 38%). The next most important reasons for working were to: increase income (pre 10%, post: 15%): increase self respect

(pre 12%, post 18%); and get away from home (pre 11%, post 12%). No statistically significant difference between pre- and post-client responses to this question was found.

Clients were asked to cite the reasons for their unemployment. Post-clients were asked their reasons for unemployment prior to any DES project involvement.

The most frequent reasons for unemployment are tabulated below

TABLE 15

Client Perceived Reasons for Unemployment

	Percentage	
	Pre	Post
Family Responsibilities	38.8%	29.2%
Looked but couldn't find work	8.1%	15.7%
Total Percentage	46.9%	44.9%

It is interesting to note that over half of the clients in both groups claimed family responsibilities as their primary reason for unemployment. The remainder of each group gave responses which were rather low in frequency, such as handicap, transportation problem, union problems, don't want to work, lacks skill, etc.

It is very interesting to note that both pre- and post-clients listed family support most frequently, yet they gave a paradoxical reason for not working: notably, family responsibilities. It seems that clients needed money for family support but had responsibilities centered around their families which prevented them from working. The obvious solution to this disincentive is to help the client manage his family responsibilities (through some mechanism) which would therefore lead to greater chances of success.

Clients were asked to cite the characteristics of a satisfying and a non-satisfying job. Good pay was often mentioned as an important characteristic of a satisfying job and poor pay as an important characteristic of a non-satisfying job In the table below, these results are tabulated

TABLE 16

Client Perception of Good Pay as Characteristic of Satisfying Job

	Pre	Post	
Good Pay	30%	25%	Characteristic of Satisfying Job
Poor Pay	14%	32%	Characteristic of Non-Satisfying Job

Note that there was a slightly lower percentage of clients listing good pay as a characteristic of a satisfying job among the post-client group, and a larger percentage of clients listing poor pay as a characteristic of a non-satisfying job among the post-clients. A chi-square test indicates that these results are statistically significant ($p < .02$). It would seem that pay was an important factor in job satisfaction among clients and that the SWP program had the effect of increasing the feeling among clients that poor pay was a characteristic of a non-satisfying job.

Barriers to employment among clients interviewed in this project seem to be related to family responsibilities, lack of ability to find a job, and pay. While these particular variables did not account for all of the clients with regard to employment, they occurred with greatest frequency. Such variables should be given attention in future programs.

4. Perceived Disincentives: Knowledge of Market Conditions

A disincentive to work could arise when people are unaware of the process of job hunting and unaware of the availability of jobs. The present section examines the results of questions directed toward DES clients with regard to these factors. Questions asked are quoted below with data tabulated from both pre- and post-project clients.

1. "How would you look for information to find out what jobs are available?"

	Pre	Post
Newspaper Want Ads	71%	57%
State Employment Service	20%	30%

2. "Which of these (methods) would be most likely to get you a job?"

	Pre	Post
Newspaper Want Ads	22%	5%
State Employment Service	32%	54%
Direct Visit to Employer	23%	20%
Friends and Relatives	13%	5%

3. "Why do you think this is the best way?"

	Pre	Post
Found job previously this way	31%	35%
No other way to find job	10%	12%
Have a list of available jobs	10%	13%

4. "Once you found out about a job, what would you do to apply for it?"

	Pre	Post
Telephone employer	22%	16%
Personal visit to employer	72%	73%

5. "In general, compared to other times, do you think there are more or fewer jobs available today in Vermont?"

	Pre	Post
More	12%	12%
Less	68%	75%
Same	7%	5%

The above results lead to the general statement that both pre- and post-clients were aware of how to find out about the availability of a job (Item 1). Post-clients increased their choices of the State Employment Service, probably because of their experience with DES. Furthermore, most clients expressed opinions on which methods were more likely to succeed at getting a job (Item 2). Post-program clients felt that the State Employment Service was best. This is probably due to experience with the State again. These opinions seem to be based on reality for at least 30-35% of the clients, since they reported success at finding a job using the method they felt was best (Item 3).

Approximately 90% of the clients seem to have had fairly correct ideas about job application (Item 4). Furthermore, most clients in both groups seem to be aware of the fact that fewer jobs are available today, when compared with other times.

In conclusion, it seems that approximately 60-90% of the clients had an awareness of how to go about finding available

jobs and how to apply for them, and understood the availability of jobs. On the basis of these results, it is fair to conclude that most clients did not have major misperceptions of the process of job finding.

5. Perceived Disincentives: Attitudes and Expectations toward Work and Dependency

Attitudes toward work were studied using the semantic-differential technique of Osgood. Both pre- and post-SWP clients were asked to indicate their attitudes toward several aspects of work. In the tables below, the direction of pre- and post-client attitudes is indicated on several characteristics of work:

TABLE 17

Client Direction of Attitudes toward Work Characteristics: Pleasant, Necessary, Rewarding, Respectful

		Attitude Direction			
		Positive (Yes)	Negative (No)	x^2	P
Pleasant	Pre	70%	9%	47.1	$<.001$
	Post	67%	7%	48.6	$<.001$
Necessary	Pre	89%	4%	77.6	$<.001$
	Post	93%	5%	79.0	$<.001$
Rewarding	Pre	85%	6%	68.6	$<.001$
	Post	82%	5%	76.2	$<.001$
Respectful	Pre	89%	5%	75.0	$<.001$
	Post	93%	2%	87.1	$<.001$

Even though no differences appeared between the pre- and post-clients in their attitudes toward the above aspects of work, it is important to note that these four descriptions of work lend credence to the hypothesis that most of these clients perceived work as pleasant, necessary, rewarding, and respectful. Statistical analysis by chi-square indicates that the positive direction of all of the clients on these attitudes are beyond chance ($p < .001$).

These results hold up in spite of some negative attitudes toward work shown in the table following:

TABLE 18

Client Direction of Attitudes toward Work Characteristics: Important, Satisfying

		Attitude Direction			
		Positive (Yes)	Negative (No)	x^2	P
Important	Pre	16%	84%	46.2	<.001
	Post	6%	90%	73.5	<.001
Satisfying	Pre	4%	89%	77.7	<.001
	Post	5%	94%	80.0	<.001

While no statistically significant changes were seen in the post-clients when compared with the pre-clients, most clients in both groups felt that work is unimportant and not satisfying. Statistically significant results are obtained with these items ($p<.001$) taken together with the feeling that work is necessary respectful, pleasant, and rewarding. It is suggested that the attitudes of the clients were not totally negative toward work, but that effort should be put into the area of finding job retraining situations which have more intrinsic satisfaction and that have more perceived importance for the client.

The table below presents data with respect to client attitudes toward welfare.

TABLE 19

Client Attitudes toward Welfare

Characteristics Toward Welfare		Attitude Direction Positive (Yes)	Negative (No)	x^2	P
Valuable	Pre	15%	63%	29.5	<.001
	Post	17%	66%	28.9	<.001
Necessity	Pre	74%	7%	55.4	<.001
	Post	73%	9%	49.9	<.001
Honest	Pre	65%	12%	36.5	<.001
	Post	57%	15%	24.5	<.001

Again there were no differences between the pre- and post-client groups, but most clients from both groups perceived

welfare as a necessity, an honest system. They did not feel that welfare is valuable, but rather worthless. Significance values of the chi-square exceed chance ($p < .001$) in all of the above results.

The implication of these results are somewhat straightforward. Clients in the present program considered welfare an honest and necessary system for survival, but saw little intrinsic worth in it. It would seem that various work incentive and retraining programs might use this type of attitude to build a more positive outlook for future job training and employment.

In the table below, are data indicating what level of a scale of jobs, from the lowest to the highest, clients perceived they were on, where they would like to be three years from now (Aspired Position), and where they actually expected to be on this job scale three years from now (Expected Position).

TABLE 20

Comparison of Job Status Level, Job Aspiration Level and Expected Job Level

Job Scale Position	Present Position		Aspired Position		Expected Position	
	Pre	Post	Pre	Post	Pre	Post
Lowest Half	42%	39%	3%	4%	18%	18%
Highest Half	43%	60%	91%	95%	75%	78%
x^2	0.01	4.45	82.4	73.7	36.6	37.5
p	NS	$< .05$	$< .001$	$< .001$	$< .001$	$< .001$

No significant differences between pre- and post-client groups appear in perceived level of the present job, perceived level of aspired job, or perceived level of expected job. It is interesting to note, however, that clients from both groups placed their present job levels about equally in the lowest half and highest half of the scale. These clients aspired to the upper half of the job scale (statistically significant $p < .001$) and expected to achieve jobs in the highest half of the job scale (statistically significant $p < .001$).

These results would suggest that the clients had the right kinds of expectations and aspirations with reference to

their present position of the job scale. They apparently wanted to move up the scale and fully expected to do so. Again, it would seem that the expressed attitudes toward achievement were positive toward the future. Programs which intend to have an impact on the person to be retrained should take into account the generally positive feelings toward upward job mobility.

Clients were asked if they would accept work or welfare. The response percentages are tabulated below:

TABLE 21

Client Attitudes on Work/Welfare Trade-Off

	Pre	Post
Job	48%	50%
Welfare	45%	40%
x^2	0.09	1.11
P	NS	NS

While no differences occur when comparing the pre- and post-clients on this item, it is interesting to note that nearly half of the clients in each group would accept welfare over a job. Such a result would support the notion that there were not perceived advantages to work over welfare in about half of the clients interviewed in this project. Perhaps the feeling of the unimportance and lack of satisfaction in work expressed by many of the clients was one of the major variables that contributed to their apparent disinterest in taking a job. It is further suggested that this be taken into consideration in the planning of future SWP types of programs.

Post-project clients were asked, "In the next 12 months do you expect to work for pay?" The results of this question are tabulated below:

TABLE 22

Client Expectations for Work

	Percentage
Full-time	58%
Part-time	16%
Occasionally	8%
Not at all	11%

The results of this question seem to support the results which indicate that attitudes toward work among the clients were basically positive and that attitudes toward welfare were expressed as feelings of necessity rather than preference. Furthermore, it would seem that most clients intended to work in spite of the fact that over 50% of the clients reported that they would take welfare over work. Therefore, it seems that the clients would take welfare if they could get it, but also expected to be working, probably during the upcoming year.

Clients were asked how satisfied they were with their paycheck while on the SWP job. The results from this question are tabulated below:

TABLE 23

Client Satisfaction/Dissatisfaction with SWP Wages

	Percentage
Satisfied	46%
Dissatisfied	34%
Neither Satisfied nor Dissatisfied	20%
x^2	10.2
p	$< .001$

When this question is compared with any other question regarding satisfaction with the SWP job, it indicates that pay was the major area of dissatisfaction.

Results from questions concerning other aspects of the SWP job are reported below:

TABLE 24

Client Satisfaction/Dissatisfaction with SWP Working Conditions

	Percentage		
	Satisfied	Dissatisfied	Neutral
Work Being Done	69%	20%	10%
Supervisor	60%	21%	16%
Location of Work Site	66%	22%	12%
Tools	68%	14%	18%
People Worked With	73%	11%	16%
Conditions on Site	71%	19%	10%
Job Skills Learned	44%	30%	25%

Statistical comparison of client responses to the pay question are significantly different from all other items in the above table (chi-square tests, $p < .02$) except with regard to the "job skills learned" question.

This result strongly supports the argument that the major dissatisfaction with the SWP program was the pay received, rather than other aspects of the Special Work situation. Taken in the light of relatively positive attitudes toward work, a resigned acceptance type of attitude toward welfare, relatively high expectations of work, and relatively high aspiration to work at a higher level, it would seem reasonable to propose that increasing the financial incentives of SWP-type programs would significantly improve the client's perceptions and chances for success in the future.

6. Perceived Disincentives: Generalization of SWP Experiences

In this section we deal with the issue of job security and the generalizability of the SWP training experiences to subsequent employment in the same job as the SWP training experience, or in a non-SWP job. Here, we are dealing with only those clients who completed their SWP training job, which includes 48 of the 130 clients in the post-SWP client group interviewed in the Booz-Allen program. Of this total, 29 were placed in the same SWP job as they had during the SWP program. In other words, 22% of the total 130 clients continued with a SWP employer participating in the project.* Interestingly enough, 70% of the 29 clients were satisfied with the work they were doing, 48% were satisfied with their pay, 70% were satisfied with the fringe benefits, and 85% were satisfied with the location of their present job. In effect, the clients placed in the same SWP jobs in which they had previous experience exhibited an attitudinal profile which was heavily weighted toward satisfaction along a variety of dimensions of their jobs.

*The persons in the Booz-Allen sample were selected at the end of the first year of program operations. During the total two years and eight months of SWP operations, 656 trainees participated in subsidized work training. The project experienced increasing levels of placement/retention during the life of the project. Placements/retentions for all 656 trainees are listed below.

Trainees Completed and Retained/Placed in Employment-------50.8%
Trainees Completed and Placed in Education or Skill Trng.---1.0%
Trainees Completed but not Placed/Retained within Five Working Days----------13.8%
Total Former Trainees Completed Special Work Training------65.6%
Trainees Terminated Before Completion with Good Cause------15.1%
Trainees Terminated Before Completion without Good Cause---19.3%
Total Former Trainees Terminated before Completion---------34.4%

Of the total 130 clients in the post-SWP program, eight were placed with employers other than the one they had during the SWP project. Of these eight individuals, seven obtained employment right away and the remainder within a few weeks following termination of his SWP training. In terms of satisfaction with their present employers, 88% were satisfied with their work, 75% were satisfied with the pay, 75% were satisfied with the fringe benefits, and all eight clients were satisfied with the location of their present jobs. Except for pay, both groups of employed clients were highly satisfied with their jobs. The clients employed by other employers than the original SWP employers were more satisfied with their pay than those clients employed by the SWP employers.

In terms of the SWP job a client had during the training phase of the program, 47% of the 130 post-SWP clients would have picked the particular jobs they were assigned, 36% would not have chosen their assigned jobs, and 12% had no expressed preference. Importantly, 63% of the 130 post-SWP clients felt clearly that their SWP jobs had improved their chances for a good permanent job, 29% did not, and 6% were uncertain about the impact of their SWP jobs upon subsequent employability. The critical factors of the SWP job which clients felt improved their chances of obtaining subsequent full-time employment were the experiences and training received in SWP.

In summary, it appears that those clients who were employed after the SWP training were satisfied with many aspects of their present job and believed that the SWP experience was generalizable. Therefore, we conclude that the SWP experience was not perceived as an isolated employment situation but rather was perceived by more than 44% of the clients as an opportunity to improve their subsequent chances of employment in a good permanent job.

Client Interviews

In order to validate the conclusions of the Booz-Allen survey, we conducted interviews with clients (See APPENDIX A). Complete interviews for seven clients, five of whom are presently employed and two unemployed, were obtained. The two unemployed clients are referred to as cases F and G and a short synopsis of each interview follows:

Client F

This is a married female who is not in the labor force but whose husband is making $500/month. She found that SWP was very helpful because she learned how to manage people and how to behave in a supervisory capacity, as well as bookkeeping skills. She plans to start her own business, novelty shop, and the SWP program was very helpful in providing generalizable business skills.

Client G

This is an unemployed male who is having difficulty finding a job because of the lack of jobs requiring the skills he acquired during his SWP experience. However, he feels the SWP program did equip him with skills so that his potential for steady employment has increased once the job market improves. The major liability of the SWP program as this client perceived it was the difficulty in finding employment once he finished his SWP job.

In effect, both clients found the SWP experience beneficial even though in one case (client G) the client could not yet find a job and the other is not yet employed but is planning to start her own business. Even though the clients are not presently employed the SWP program did have a favorable impact toward their attitudes regarding work.

In the following, clients A through E are presently employed either with their SWP employer or with a subsequent employer. A short synopsis of their interviews follows:

Client A

Client A is presently employed by his SWP employer, making approximately $400 per month, which is somewhat less than he made as a laborer. Since his work was seasonal, he felt that the SWP program would be a chance to work instead of depending on welfare. Client A found that his SWP job, which is also his present job, paid less than his previous job as a laborer. It appears that Client A perceives SWP as providing alternatives to welfare rather than providing a real financial improvement and job improvement as a result of the SWP experience.

Client B

Client B is presently employed by his original SWP employer, making approximately $450 per month. He felt that SWP has improved his present financial income, which is supported by the fact that he received $371 per month from welfare prior to training. This client felt that the SWP experience provided him with new training and contacts but the greatest problem was a transition from actual training to the real working situation.

Client C

Client C is presently employed but not by the original SWP employer. He is presently making $340 per month. While this client made considerably more prior to his SWP training, he had lost his job due to ill health and was unable to continue in his prior job. It appears that even though the SWP job and present job did not provide him with as much income, he feels happy that he is able to work at a steady job. The major problem that this

client perceived with the SWP program was the fact that there are not enough permanent jobs resulting from SWP training.

Client D

Client D is presently employed but not by the original SWP employer. Her present income is $337 per month, which was less than the amount that she received on welfare prior to her SWP training. In addition, she felt that the biggest problem with the SWP program was the reduction of income from welfare during the training and the reduction of income in terms of actual money available in the job which she is presently holding after her training period had been completed.

Client E

Client E is presently employed, but not with the original SWP employer. His present income is $300 per month, which is considerably less than the $408 per month that he received from welfare prior to training. This client felt that the SWP program provided a chance at new training, since he is over 55 years old. The greatest problem he perceived with the program was that it was hard to find jobs after training had been completed. It appears that this client has suffered a financial loss as a consequence of being placed back in the job market through the SWP training program.

In summary, it appears that four of these five clients experienced financial disincentives in terms of real income following their SWP training, irrespective of their present job. A secondary problem which is common to many of these clients is the fact that jobs are hard to find after the SWP training experience. In spite of these real disincentives, clients appear to have a positive attitude toward work and seem to be happy that they do not have to live on welfare income.

These results tend to validate the conclusion drawn from the Booz-Allen survey: the greatest disincentive to the work was financial.

7. Summary

This report includes an analysis of selected responses from the Booz-Allen survey instrument administered to 130 pre-program and 130 post-program clients participating in the Special Work Project of the Vermont Department of Employment Security. Also, we include the results of a series of intensive interviews of SWP clients which was conducted by the Psychological Research Foundation of Vermont. The major findings and conclusions are as follows:

1. Inasmuch as SWP clients derive more total monthly income while participating in the program and might experience a reduction after they have left the program and did not find full-time employment, we defined this state of affairs as a real financial disincentive. There is no substantial evidence from the data to indicate that this disincentive was perceived as a major obstacle to employment in terms of the clients motivation to work. An analysis of the motivational levels of the pre- and post-SWP clients indicated that there was no significant difference between the two groups; however, a significant portion of all the clients were highly motivated to work and obtain regular employment.

2. A significant portion of all clients indicated that they were concerned about the amount of pay and the security of continued employment they would obtain once they finished their SWP experience. Neither variable alone was critical but rather the interaction between the two variables was important.

3. In the area of employment barriers, the major factor which clients report was family responsibility. It appears that child care was a major problem; however, the reported barriers to employment did not form a major disincentive to work.

4. Knowledge of job seeking, application procedures, and job market conditions do not appear to have been major disincentives to work.

5. The clients in the present study did not have attitudes which could be described as disincentives to work, but rather had attitudes which should serve as incentives to work. Clients indicated that welfare is a necessary but not highly desirable system for survival.

6. Clients that were placed with an employer indicated that their SWP job had a positive impact upon their chances of subsequent employment after termination of the SWP experience and that overall they were satisfied with many aspects of their present job including pay, fringe benefits, and location of their present job.

7. In general, it appears that the present clients were first sensitive to the availability of jobs, then the amount of pay and the security of the job, and lastly the possibility of overtime pay once the client had secured full-time employment.

8. As a result of the seven interviews completed by the Psychological Research Foundation of Vermont, it appears that the general impression of the SWP program was one of general satisfaction with the opportunities which the program provided. The major advantage of the program was the opportunity to obtain new skills, and a chance to work instead of relying upon welfare and related support programs.

The majority of those interviewed agreed that the program provided opportunities which would not have been obtained by their own individual efforts. This fact was true even when the participant had an initial impression that the program would not provide substantial aid.

The program seemed especially helpful for those individuals with special problems, e. g., mothers with large families requiring special day care arrangements and workers unable to find jobs because of age or physical disability.

The major difficulty appears to have occurred during the transition period between SWP and "real" work situations. In general, during this period individuals lost the extra support provided by the program, e.g., child care, and were unable to meet work obligations, or they were unable to find jobs for which they had received training.

In general, individuals perceived themselves to be financially disadvantaged in their present working situations because their income levels were below that which they might have received from welfare. Based on the salary levels reported and the actual relief potential, it appears that the clients were accurate in their assessment of the financial disadvantages of the transition from SWP to real world work. However, those interviewed stated a strong preference for self-support as opposed to welfare support. Their consistent choice of work opportunities as opposed to welfare related support seemed consistent with their stated attitude toward welfare.

Finally, we have extended broadly the definition of "perceived disincentives" beyond its conventional meaning as defined within the context of man-power training programs. The data included in this report indicate clearly that the client's awareness of his own assets and liabilities (barriers to employment factors) as well as existing and future market conditions (financial factors) are not separable or independent dimensions influencing his perception of financial disincentives, attitudinal and motivational predispositions toward work, and his actual work behaviors. In fact, the clients perception

of his own potential for employability as well as his awareness of actual financial disincentives is a joint function of the manner in which the client perceives his own characteristics as well as the existing market conditions. Therefore, we have included in this report a treatment of perceived client characteristics and perceived financial disincentives that encompasses such factors as availability of jobs, pay and security of employment, fringe benefits, and generalizability of special training programs to the real world of work.

SECTION III

SUMMARY AND CONCLUSIONS

There is little question that the value of changing the status of people from that of welfare recipient to wage income earner is very great. The tangible economic benefits have a two-phased advantage. On one side is the fact that the dollar expense to the public for the support of disadvantaged individuals and families is reduced significantly. On the other, there is a clear addition to the number and value of goods and services of the community and of society in general, and obviously additions to personal income. There are also invaluable benefits in terms of social status and the social and psychological well-being of former welfare clients who become self-sustaining and independent of public support.

The value and validity of such a goal are unquestioned. In a sense, however, the statement and definition of the goal represent the relatively easy part of the problem. The difficult aspect involves the translation of the goal into practical reality; there are many questions which require answers. Among these would be: Are those people on welfare motivated to seek and hold jobs? What are the economic characteristics of those jobs?

The last question illustrates one very important element among the problems relating to the transition of people from welfare to employment. It is simply not enough to determine whether "jobs exist" or can be created for welfare clients. One factor which becomes important is whether the transfer from welfare to employment might result in a worse economic condition or a better one. If the "jobs" are largely low-paying and of uncertain duration, no economic gain would result for those involved (and perhaps for society as well), and there would be strong financial disincentives for welfare clients to seek such employment.

In the Special Work Project, welfare clients were placed in job training slots which hopefully would prove to be vehicles for transferring these clients into regular and permanent jobs. These slots were job training positions on both State and local levels. Given the experiences with the program, some assessment of such attempts to effectuate the transition could be developed. Two of the vast array of questions for which some indicators could be constructed were approached here. These were: Are there pecuniary-financial

disincentives for welfare clients to seek and/or take regular jobs after SWP training? And do welfare clients perceive any financial disincentives in this situation, regardless of whether these exist in any numerical or "objective" sense?

In the first instance, the data relating to participants in the SWP program were provided by the Vermont Department of Employment Security. These include information amassed by July 27, 1972, about 509 SWP participants, of whom 279 were Aid to Needy Families with Children (ANFC) recipients. Other information was updated as of February 22, 1973. The data utilized included age, sex, education, number of children, monthly welfare support amounts, number of months in welfare status, hours and wage rates of SWP training positions, welfare support while in the SWP program, prior work experience, and employment and/or training status 30, 90, and 180 days after the completion of training. The Vermont Family Assistance Program Planning Office and the Department of Social Welfare also provided basic data on food stamp purchases and expenditures under Medicaid and child care support (day care programs).

The comparison sought was that among the monetary values of subsidized SWP training slots, subsequent regular, nonsubsidized jobs, and welfare support. The latter was calculated by including the basic monthly welfare support median amount and estimates of the average or median values of food stamp bonuses and Medicaid.

For the entire group of men and women, the welfare values were annualized, as were earnings and other data. For specific subgroups, namely men and women by marital status and number of children, the data were organized on a monthly basis. The first set of measurements involved overall average annual data Based upon the available information, it was estimated that welfare support averaged $4075 annually for all 279 ANFC recipients. For men, the average was $4569; for women, $3822. The differences between these two groups are largely accounted for by the fact that the vast majority of men were married and had a slightly larger number of children, per capita. Most women, on the other hand, were either widowed, divorced separated, or single.

The estimated welfare values would represent the equivalent of net earnings from wage income, since deductions for federal and State income taxes, social security taxes, and other employee contributions would reduce the number of dollars actually received. If only federal and State income and FICA taxes were counted, on average it would take earnings of $4466 for the group as a whole to equate with the overall average welfare value; $4945 for men; and $4128 for women. In the first part of this study, the actual weekly hours and rates of pay of the SWP training positions were used as an assumed "job", and these factors were combined over a 52-week period to achieve an estimate of "earnings." Using that set of assumptions, the earnings yield was calculated to be $4563 for all participants. $4898 for men. and $4400 for women.

When the measurements were made for subgroups, on a monthly basis, the patterns changed somewhat. (Here, only married men were included, since non-married men were too few in number to establish any meaningful family-size distributions.) Average net earnings from employment subsequent to SWP training for these subgroups (married men; married women; widowed, divorced, or separated women; and single women) were generally lower at every stage than were the values of welfare support which existed prior to SWP training. The exception was single women as a group, but for whom the available data were somewhat spotty. Among all groups, only those with one child (and widowed, divorced, or separated women with two children) had net earnings from employment at 30, 90, and 180 days after training which exceeded pre-SWP welfare values.

Whichever approach, there was no doubt that the best financial status was achieved through training, since the great majority received not only job pay, but welfare support as well. Thus, completing training and becoming fully employed or returning to welfare meant that there would be a decided reduction of income in one guise or another.

In actuality, even where the calculations indicate that SWP training slot earnings or post-SWP employment earnings were higher than pre-SWP welfare values, the averages of the data of groups and subgroups were more generous than actual experience would dictate.

For one, as a practical matter, the majority of ANFC trainees did not find steady nonsubsidized employment after SWP training. A second point is that while earnings from SWP training jobs and from subsequent employment were assumed to be on a 52 weeks or full year working basis, many jobs in the SWP program were on a shorter-term basis, (Perhaps the best example is Teacher Aide.) Thus the "average" number of weeks for all employment would have been less than 52 (and therefore the "average" of monthly earnings), and maximum potential earnings would therefore have been less than the gross earnings amount indicated above. The third, and rather significant, element is that "net earnings" from employment were calculated on the basis that only federal, State, and FICA taxes were deducted from gross pay. Since employment also generates deductions for dues for employee organizations, expenses for travel to and from work, and for fringe benefit contributions, actual gross pay would have to be greater than the earnings utilized and estimated above. For example, the amount of an employee's health insurance premium contribution to the State's program amounts to a little over $407 per year (about $34 per month) for coverage of those with two or more dependents under 65 years of age.

Calculations based solely on estimated dollar values of welfare support and earnings of welfare clients in temporary, subsidized SWP training indicate, therefore, that there are financial disincentives for ANFC recipients to enter permanent, nonsubsidized employment after SWP training.

As regards the perceptions of the SWP participants, it cannot be said with great precision that financial disincentives are, indeed, perceived prior to entry into such employment. There are some indications that such jobs may be viewed increasingly as having disincentives relative to welfare status when the welfare recipients view them during the post-training employment period.

There is no question about the motivation to work and about attitudes toward work on the part of the SWP participants. Data from the Booz-Allen study, and analyses provided in Section II of this study, clearly indicate that the desire to work is very strong, and that willingness to seek and take jobs is also very strong. However, experiences in SWP training jobs also indicate, according to post-training interviews, that the financial aspect of these positions appear to be the least desirable element. Only 46% indicated that they were satisfied with the pay of SWP training slots. Furthermore, 22% of the pre-program clients believed they were either "pretty badly off" or "having trouble getting by," while 34% of the post-program interviewees placed themselves in these categories. In addition, those who indicated a willingness to work overtime five days a week increased from 45% of those prior to training to 65% in the post-program period. These patterns tend to indicate some perception that the basic pay and hours of the nonsubsidized jobs subsequent to SWP training did not offer very positive financial incentives.

It is true that the subject here concerns primarily monetary incentives to enter permanent, nonsubsidized employment, and it appears that SWP-welfare clients did not perceive any significant financial disincentives to enter such employment. If, however, consideration is given to financial incentives or disincentives to remain on public service jobs, there appears to be a weakening of the original incentive. (Objectively, a clear financial disincentive emerges when the "values" of welfare support and of regular, nonsubsidized employment are compared. Given the array of other factors, especially family responsibilities, it is not clear whether welfare clients perceived any clearly defined financial disincentives in Public Service Employment, though such a tendency seemed to exist.

With all of the actual and potential disincentives which have been identified in this program, one outstanding element remains -- and that is the desire of welfare clients to work. Put another way, they clearly prefer employment to welfare. It appears that an important element of the total problems experienced is centered on the relationships among the clients' qualifications and past experiences and the training and jobs which were provided them. Given the structure of the program,

the job-training slots were most likely those which were immediately available or at hand. Perhaps a longer-run concept of training and jobs would be more useful, in order that there be better matches among jobs, training, and qualifications. Positions offering full-year employment, and possibly better pay, would more likely be developed as a result. Certainly, opportunities in the private job sector could be explored, and it might even be possible, under a variety of circumstances and conditions, to conduct "training" in temporary public sector positions for subsequent transfer of participants to private sector positions. It might still be true that immediate potential earnings would be below necessary welfare support amounts. In that event, income supplements related to earnings could still be provided to such families until there were clear gains from employment income over welfare support amounts. Even with such supplements, the cost of welfare would decline, and employment-earnings capacity would be enhanced. Over time, such public support would be drastically reduced. Under present circumstances, hoped-for financial incentives do not appear to have materialized.

APPENDIX

APPENDIX A

PERCEIVED FINANCIAL DISINCENTIVES INTERVIEW

PSYCHOLOGICAL RESEARCH FOUNDATION OF VERMONT

1. What is your present employment status?

_____ Employed by SWP employer

_____ Employed but not by SWP employer

_____ Unemployed

_____ Not in labor force

_____ Other, Specify_____

_____

_____

2. What is your present monthly income?

_____Income derived from work (hourly wage times number of hours worked per week)

_____Income from welfare

_____Total monthly income

3. If you are not working now, are you presently looking for full-time _____ or part-time _____ work?

(a) Have you found any potential jobs?

_____ yes

_____ no

(b) If you have found a new job, how did you find out about it? _____

_____

4. Has the SWP program improved your present financial income?

_____ yes

_____ no

_____ uncertain

If yes, how did it improve your present situation?_____

_____

_____

If no, why not _____

_____

_____

5. Why did you join the SWP program? _____

_____

_____

6. What do you think is the major problem with the SWP program?

_____ Lack of Jobs

_____ Poorly paying jobs

_____ Nature of Work: Specify_____

_____

_____Other: Specify_____

_____

7. What was the best part of the SWP program for you? ____

_____

_____

8. What was the worst part of the SWP program for you?____

_____

_____

9. When you first started in the program, did you think the SWP program would provide you with a better paying job than you could get on your own?

_____ Yes, Why _____

_____ No, Why _____

_____ Other, Specify: _____

_____

10. When you first started in the program, did you think the SWP program would provide you with a more secure job than you could get on your own?

_____ Yes, Why _____

_____ No, Why _____

_____ Other, Specify: _____

_____

11. Would you recommend the SWP program to a friend who was unemployed and looking for work?

_____ Yes, Why _____

_____ No, Why _____

_____ Other, Specify: _____

_____

12. When you were last unemployed, what was the major obstacle you faced in trying to find a job? _____

_____

_____